

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement And Release (together with any exhibits hereto, the "**Agreement**") is effective as of this 27 day of June, 2014 (the "**Effective Date**"), by and between Vix Technology (USA) Inc. ("**Vix**"), on the one hand, and Snohomish County Public Transportation Benefit Area, Kitsap County Public Transportation Benefit Area, Central Puget Sound Regional Transit Authority, Washington State Department of Transportation, Ferries Division, Pierce County Public Transportation Benefit Area Corporation, City of Everett, and King County, (collectively, the "**Agencies**") on the other hand. Vix, each of the Agencies and the Agencies together are referred to herein individually as a "**Party**" and collectively as the "**Parties**."

I. RECITALS

1. The Parties have between them a binding contract for the design, building, maintenance, and operation of a regional fare card system ("**RFC System**") to facilitate payment for transit services on the public transportation services operated by each of the Agencies (the "**ORCA Contract**" or "**Contract**").

2. In January 2014, the Parties signed an agreement (the "**Tech Agreement**") confirming that the Parties had established a Technical Leadership Committee ("**Tech Team**") to address current and emerging technical issues in the RFC System.

3. The Tech Agreement indicated that the Parties disagreed about cost allocations for the technical work and desired to resolve their differences through mediation.

4. Vix contends that it delivered the RFC System to the Agencies at the time of Full System Acceptance and is now in an operating and maintenance phase. Vix contends that any change that moves the RFC System beyond the state it was in at Full System Acceptance is new work for which it must receive additional payment.

5. Vix further contends that "Update" is defined narrowly by the Contract and that the work at issue in this mediation is comprised of "Upgrades" that are changes to the system constituting new work. Vix therefore seeks additional payment for this work.

6. The Agencies contend that the ORCA Contract obligates Vix to both maintain the RFC System under a high standard and to provide evolving security measures that account for technological changes.

7. The Agencies further contend that an "Update" is broadly defined to encompass any work required to maintain fully system functionality, replace outmoded technology, and meet evolving security needs. Accordingly, the Agencies contend that Vix must perform the work at issue in this mediation for no additional fees.

8. In the interest of preserving the contractual and business relationship between the Parties and to serve best the public, the Parties have sought resolution of various issues through mediation.

9. This Agreement is intended to address end of life issues but is not a global settlement of all disputes and claims.

NOW, THEREFORE, in consideration of the mutual promises, obligations, and covenants set forth in this Agreement, the Parties agree as follows:

II. TERMS AND CONDITIONS OF SETTLEMENT

1. End of Life / Support.

a. Vix agrees to maintain, repair and replace (if not vandalized) as necessary the following devices supplied to the Agencies under the Contract, as defined by the Contract, as follows:

- On Board Fare Transaction Processor (**OBFTP**) (but excluding active brackets)
- Driver Display Unit (**DDU**) (but excluding active cradles)
- Wireless data on/off loading system (**WDOLS**)
- Onboard Ethernet switch
- Stand-Alone Fare Transaction Processor (**SAFTP**) (all configurations)
- Gate Adaption Kit (**GAK**)
- Sound Transit Ticket Vending Machine Kit (**TVM**)
- Terminal Revalue Unit (**TRU**),
- Customer Service Terminal (**CST**) (all configurations)
- Portable Fare Transaction Processor (**PFTP**) (subject to availability of parts)
- Wireless Portable Customer Service Terminal (**WPCST**).

b. Within twenty-one days of the Effective Date of this Agreement, the Agencies will provide Vix with an Equipment & Card Order Form for the additional devices, excluding installation materials and mounting hardware, needed over the remainder of the current Contract term. The Agencies understand and agree that there are minimum order quantities for the devices are as follows:

| Item | Minimum Order Quantity |
|-------|------------------------|
| OBFTP | 100 |
| DDU | 100 |
| SAFTP | 100 |
| GAK | 100 |

| | |
|--------------------------|------|
| TVM | 100* |
| PFTP | 100 |
| Active bracket for OBFTP | 500 |
| Active cradles for DDU | 500 |

The Agencies understand and agree that for each of the above devices they wish to include on the Equipment & Card Order Form they must purchase at least the minimum order quantity for each such device.

The Agencies will buy the devices and pay the price upon delivery as defined in Exhibit 9 plus a one-time fee of \$50,000 for all devices. The Agencies will take delivery upon five-business days' notice by Vix any time after January 2015. The Agencies understand and agree that Vix will be unable to procure additional quantities of the devices listed above beyond those listed in the Equipment & Card Order Form referenced above. In the event the Agencies do not order enough of the above devices to meet their future needs, and a new device is needed, the parties understand and agree that such will be treated as New Work under the Contract. The parties agree that PFTP's (as discussed in the following paragraph) are exempted from the provisions of this paragraph, and are instead addressed in the following section.

Notwithstanding the foregoing, the parties agree to work in good faith to allow the Agencies to purchase active brackets for OBFTP's and active cradles for DDU's beyond 21 days of the effective date of this Agreement. However, the parties understand and agree that Vix cannot guarantee prices or minimum order quantities beyond 21 days from the Effective Date, and the Agencies agree that in the event they order active cradles and/or brackets beyond the 21 day threshold, they are obligated to pay Vix's cost plus a mark-up of 31.3 percent, and in whatever minimum order requirements are then in existence.

c. Vix has been informed by Peak-Ryzex, its Motorola authorized third-party repair subcontractor, that PFTP support is estimated to end in December of 2015. Vix will make best efforts to repair the current PFTP devices for the life of the Contract. However, recognizing the inherent risks involved for both sides, the parties agree that by November 1, 2015 they will coordinate in good faith on the need and schedule for the development of a new software port of the application for a new PFTP device.

* Vix has up to 45 in stock to provide to the Agencies.

In the event the Agencies determine that a new PFTP device is needed Vix agrees split the price of providing the software port of the application for the new PFTP device with Agencies, with the Agencies paying 70% of the price. The lump sum price of providing the software port of the application for the new PFTP device shall be determined by the TLC, subject to agreement by the Joint Board and Vix senior management. If the Joint Board and/or Vix senior management rejects the TLC's price determination, and the parties cannot come to an agreement, the Parties shall submit the issue to Mediator Stew Cogan for his binding determination. Mediator Cogan shall determine all procedures for any such submittal in his sole discretion. In the event the Agencies determine that the existing PFTP platform is inadequate for their needs, the Agencies shall pay Vix to provide the software port of the application for the new PFTP device as New Work under the Parties' Contract. The price of all PFTP hardware that Vix provides, regardless of the reason, shall be determined in the same manner as provided in the Contract Section 3.I-3 (i.e. the reasonable material cost plus mark-up of 31.3%).

The parties agree that Vix shall have no liability to the Agencies for any and all damages, lost revenue, or other harm of any kind the Agencies sustain by virtue of a lack of PFTP's being available for use caused by any delay in the Agencies deciding they need a new PFTP device, for delays in selecting a new PFTP device, or any other similar delays. This provision is not intended to relieve Vix from any liability it might have for damages, lost revenue, or other harm caused by Vix's actions and/or inactions in developing the software port.

2. **Limited Mutual Release.**

Vix, on the one hand, and the Agencies, on the other hand, forever release and discharge each other and its or their respective subsidiaries, parents, divisions, affiliates, officers, directors, owners, shareholders, members, managers, associates, predecessors, successors, assigns, agents, partners, employees, insurers, representatives, attorneys, and any and all persons acting by, through, under or in concert with them, of and from action(s), cause(s) of action in law or in equity, suits, debts, liens, claims, demands, damages, rights, losses, costs, and/or expenses, related to end of life issues specifically identified in Section 1 above. This release is not intended to be a broad release of other claims, such as claims or disputes over security obligations.

3. **Public Document.**

This Agreement is a public document.

4. **Representations and Warranties.**

a. **Organization, Authorization**

Vix, on the one hand, and the Agencies on the other hand, represent and warrant to each other that (i) each Party has full and complete power, capacity, and authority to enter into this Agreement and to consummate all transactions and perform all obligations contemplated by this Agreement, (ii) the execution of this Agreement has been duly authorized by all necessary corporate or official action, if any, on the part of each Party, and (iii) this Agreement constitutes a legal, valid, and binding obligation, enforceable in accordance with its terms.

b. **Company Consent and Approval**

Vix and the Agencies represent and warrant that (i) all necessary third-parties have consented to and approved this agreement, or (ii) such consent and approval are not required for the execution of this Agreement or the performance by Vix and/or the Agencies of their obligations herein and therein.

5. **Counterparts.**

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as the original instrument and as if all the Parties to the counterparts had signed the same instrument. The Parties also agree that facsimile, portable document format ("PDF"), scanned, and/or electronic signatures shall have the same effect as manually signed originals and shall be effective upon transmission.

6. **Construction.**

This Agreement was negotiated and prepared by the Parties and their respective attorneys. The Parties acknowledge and agree that the rule of construction that an ambiguous contract should be construed against the drafter shall not be applied in any construction or interpretation of this Agreement. The singular form of a word shall also mean and include to the plural (and vice versa), and the masculine gender shall also mean and include the feminine and gender neutral (and vice versa). This Agreement is not intended to alter existing contractual obligations, except where expressly agreed.

7. **No Third-Party Beneficiaries.**

This Agreement is for the benefit of each Party individually and the Parties collectively. There are no intended third-party beneficiaries, and the Parties expressly disclaim any unintended third-party beneficiaries to this Agreement or any part of this Agreement.

8. **Governing Law.**

This Agreement and any rights, remedies, and/or obligations provided for in this Agreement shall be governed, construed, and enforced in accordance with the substantive and procedural laws of the State of Washington as of the Effective Date.

9. **Entire Agreement.**

This Agreement constitutes a single, integrated, written contract expressing the entire understanding and agreement between the Parties, and the terms of the Agreement are contractual and not merely recitals. Other than the Contract, no other agreement, written or oral, expressed or implied, exists between the Parties with respect to the subject matter of this Agreement, and the Parties declare and represent that no promise, inducement, or other agreement not expressly contained in this Agreement has been made conferring any benefit upon them.

10. **Severability.**

The provisions of this Agreement are severable. If any portion, provision, or part of this Agreement is held, determined, or adjudicated to be invalid, unenforceable, or void for any reason whatsoever, each such portion, provision, or part shall be severed from the remaining portions, provisions, or parts of this Agreement and shall not affect the validity or enforceability of any remaining portions, provisions, or parts.

11. **Headings and Captions.**

The headings and captions inserted into this Agreement are for convenience of reference only and in no way define, limit, or otherwise describe the scope or intent of this Agreement, or any provision hereof, or in any way affect the interpretation of this Agreement.

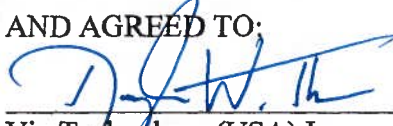
12. **Attorney's Fees.**

If any Party brings an action to enforce the terms hereof or declare rights hereunder, the substantially prevailing party in any such action, on trial, appeal, and/or arbitration, shall be entitled to its reasonable costs, expenses, including any consulting or expert expenses, and outside attorney's fees to be paid by the other party.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement, effective as of the Effective Date listed above.

READ AND AGREED TO:

By:


Vix Technology (USA) Inc.
Name: DOUGLAS W. THOMAS
Title: GENERAL MANAGER

Date:

10/17/14

By:

Joint Board


Name:

Title:

Date:

And By

Dated:


10/22/14
Kevin Desmond, King County
(King County Metro Transit)

Dated:

~~Joyce Eleanor, Snohomish County Public
Transportation Benefit Area Corporation
(Community Transit)~~

Dated:

~~Tom Hingson, City of Everett (Everett Transit)~~

Dated:

~~John Clauson, Kitsap County Public
Transportation Benefit Area Authority (Kitsap
Transit)~~

Dated:

~~Lynne Griffith, Pierce County Public
Transportation Benefit Area Corporation (Pierce
Transit)~~

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Vix Technology (USA) Inc.

Name: DOUGLAS W. THOMAS

Title: GENERAL MANAGER

Date:

10/17/14

By:

Joint Board

Name: _____

Title: _____

Date: _____

And By

Kevin Desmond
10/22/14

Dated: _____

Kevin Desmond, King County
(King County Metro Transit)

Dated: 10/24/14

Emmett Heath
~~Joyce Eleanor, Snohomish County Public~~
~~Emmett Heath~~
Transpiration Benefit Area Corporation
(Community Transit)

Dated: _____

Tom Hingson, City of Everett (Everett Transit)

Dated: _____

John Clauson, Kitsap County Public
Transportation Benefit Area Authority (Kitsap
Transit)

Dated: _____

~~Lynne Griffith, Pierce County Public~~
~~James L. Walton~~
Transportation Benefit Area Corporation (Pierce
Transit)

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[Signature]
Vix Technology (USA) Inc.
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Title: GENERAL MANAGER

Date:

10/17/14

By:

Joint Board

Name: _____

Title: _____

Date: _____

And By

[Signature]
Dated: 10/22/14

Kevin Desmond, King County
(King County Metro Transit)

Dated: _____

~~Loyce Eleanor, Snohomish County Public
Transportation Benefit Area Corporation
(Community Transit)~~

Dated: _____

[Signature]
10/24/14

Tom Hingson, City of Everett (Everett Transit)

Dated: _____

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Joint Board

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Title: _____

Date: _____

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Dated:

10/22/14

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(King County Metro Transit)

Dated: _____


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(Community Transit)~~

Dated: _____

Tom Hingson, City of Everett (Everett Transit)

Dated:

10/23/14


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GENERAL MANAGER

Date:

10/17/14

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Joint Board

Name:

Title:

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And By

Dated:

Kevin Desmond
Kevin Desmond, King County
(King County Metro Transit)

Dated:

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~~Emmett Heath~~ Transportation Benefit Area Corporation
(Community Transit)

Dated:

Tom Hingson, City of Everett (Everett Transit)


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John Clauson, Kitsap County Public
Transportation Benefit Area Authority (Kitsap
Transit)

Dated:

Lynne Griffith, Pierce County Public
~~James L. Vaton~~ Transportation Benefit Area Corporation (Pierce
Transit)

Dated: 10/21/14

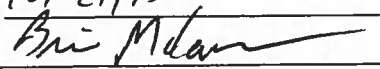


Brian McCartan, Central Puget Sound Regional
Transit Authority (Sound Transit)

Dated: _____

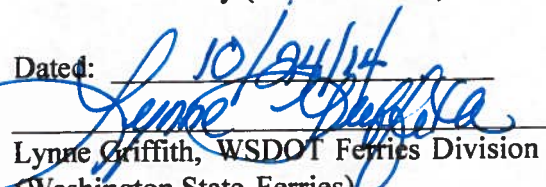
Lynne Griffith, WSDOT Ferries Division
(Washington State Ferries)

Dated: 10/21/14



Brian McCartan, Central Puget Sound Regional
Transit Authority (Sound Transit)

Dated:

10/24/14


Lynne Griffith, WSDOT Ferries Division
(Washington State Ferries)